

LEGISLATURE OF NEBRASKA
NINETY-EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1221

Introduced by Raikes, 25

Read first time January 21, 2004

Committee: Education

A BILL

1 FOR AN ACT relating to education funding; to amend sections
2 79-1018.01 and 79-1108, Reissue Revised Statutes of
3 Nebraska, and section 9-812, Revised Statutes Supplement,
4 2003; to change and eliminate provisions relating to
5 allocation of state lottery funds; to harmonize
6 provisions; and to repeal the original sections.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 9-812, Revised Statutes Supplement,
2 2003, is amended to read:

3 9-812. (1) All money received from the operation of
4 lottery games conducted pursuant to the State Lottery Act in
5 Nebraska shall be credited to the State Lottery Operation Trust
6 Fund, which fund is hereby created. All payments of expenses of
7 the operation of the lottery games shall be made from the State
8 Lottery Operation Cash Fund. In accordance with legislative
9 appropriations, money for payments for expenses of the division
10 shall be transferred from the State Lottery Operation Trust Fund to
11 the State Lottery Operation Cash Fund, which fund is hereby
12 created. All money necessary for the payment of lottery prizes
13 shall be transferred from the State Lottery Operation Trust Fund to
14 the State Lottery Prize Trust Fund, which fund is hereby created.
15 The amount used for the payment of lottery prizes shall not be less
16 than forty percent of the dollar amount of the lottery tickets
17 which have been sold. Until October 1, 2003, at least twenty-five
18 percent and beginning October 1, 2003, and until January 1, 2008, a
19 portion of the dollar amount of the lottery tickets which have been
20 sold on an annualized basis shall be transferred from the State
21 Lottery Operation Trust Fund to the Education Innovation Fund, the
22 Nebraska Scholarship Fund, the Nebraska Environmental Trust Fund,
23 and the Compulsive Gamblers Assistance Fund, except that the dollar
24 amount transferred shall not be less than the dollar amount
25 transferred to the funds in fiscal year 2002-03. On and after
26 January 1, 2008, at least twenty-five percent of the dollar amount
27 of the lottery tickets which have been sold on an annualized basis
28 shall be transferred from the State Lottery Operation Trust Fund to

1 the Education Innovation Fund, the Nebraska Scholarship Fund, the
2 Nebraska Environmental Trust Fund, and the Compulsive Gamblers
3 Assistance Fund. Of the money available to be transferred to the
4 Education Innovation Fund, the Nebraska Scholarship Fund, the
5 Nebraska Environmental Trust Fund, and the Compulsive Gamblers
6 Assistance Fund, the first five hundred thousand dollars shall be
7 transferred to the Compulsive Gamblers Assistance Fund to be used
8 as provided in sections 83-162.01 to 83-162.04. Twenty-four and
9 three-fourths percent of the money remaining after the payment of
10 prizes and operating expenses and the initial transfer to the
11 Compulsive Gamblers Assistance Fund shall be transferred to the
12 Education Innovation Fund. Twenty-four and three-fourths percent
13 of the money remaining after the payment of prizes and operating
14 expenses and the initial transfer to the Compulsive Gamblers
15 Assistance Fund shall be transferred to the Nebraska Scholarship
16 Fund. Forty-nine and one-half percent of the money remaining after
17 the payment of prizes and operating expenses and the initial
18 transfer to the Compulsive Gamblers Assistance Fund shall be
19 transferred to the Nebraska Environmental Trust Fund to be used as
20 provided in the Nebraska Environmental Trust Act. One percent of
21 the money remaining after the payment of prizes and operating
22 expenses and the initial transfer to the Compulsive Gamblers
23 Assistance Fund shall be transferred to the Compulsive Gamblers
24 Assistance Fund to be used as provided in sections 83-162.01 to
25 83-162.04.

26 (2) The Education Innovation Fund is hereby created. At
27 least seventy-five percent of the lottery proceeds allocated to the
28 Education Innovation Fund shall be available for disbursement. For

1 each fiscal year except fiscal years 2003-04 and 2004-05, the
2 Education Innovation Fund shall be allocated in the following
3 manner: Up to twenty percent to fund the mentor teacher program
4 pursuant to the Quality Education Accountability Act; up to forty
5 percent to the Attracting Excellence to Teaching Program Cash Fund
6 to fund the Attracting Excellence to Teaching Program Act; and up
7 to forty percent of the fund shall be allocated to research
8 initiative grants selected by the Excellence in Education Council
9 and approved by the Governor. For fiscal years 2003-04 and
10 2004-05, the Education Innovation Fund shall be allocated to the
11 General Fund after operating expenses for the Excellence in
12 Education Council are deducted.

13 ~~Allocations by the Governor shall be through incentive~~
14 ~~grants to encourage the development of strategic school improvement~~
15 ~~plans by school districts for accomplishing high performance~~
16 ~~learning and to encourage schools to establish innovations in~~
17 ~~programs or practices that result in restructuring of school~~
18 ~~organization, school management, and instructional programs which~~
19 ~~bring about improvement in the quality of education. Such~~
20 ~~incentive grants allocated by the Governor are intended to provide~~
21 ~~selected school districts, teachers or groups of teachers,~~
22 ~~nonprofit educational organizations, educational service units, or~~
23 ~~cooperatives funding for the allowable costs of implementing pilot~~
24 ~~projects and model programs.~~

25 ~~From the funds allocated by the Governor, minigrants~~
26 ~~shall be available to school districts to support the development~~
27 ~~of strategic school improvement plans which shall include~~
28 ~~statements of purposes and goals for the districts. The plans~~

1 shall also include the specific statements of improvement or
2 strategic initiatives designed to improve quality learning for
3 every student.

4 In addition to the minigrants granted for the development
5 of strategic school improvement plans, school districts with annual
6 budget expenditures of three hundred fifty thousand dollars or less
7 are eligible for minigrants from the funds allocated by the
8 Governor for the purposes allowed in subdivisions (2)(a) through
9 (q) of this section. The amount of this type of minigrant shall
10 not exceed five thousand dollars. The school district shall
11 present a curriculum support plan with its application for the
12 grant. The curriculum support plan must show how the district is
13 working to achieve one or more of the allowed purposes and how the
14 grant will be used to directly advance the plan to achieve one or
15 more of these purposes. The plan must be signed by the school
16 administrator and a school board representative. The application
17 for the grant shall be brief. The Excellence in Education Council
18 shall select the recipients of this type of minigrant and shall
19 administer such minigrants.

20 From the funds allocated by the Governor, major
21 competitive grants shall be available to support innovative
22 programs which are directly related to the strategic school
23 improvement plans. The development of a strategic school
24 improvement plan by a school district shall be required before a
25 grant is awarded. Annual reports shall be made by program
26 recipients documenting the effectiveness of the program in
27 improving the quality of education as designed in the strategic
28 school improvement plans. Special consideration shall be given to

1 plans which contain public or private matching funds and
2 cooperative agreements, including agreements for in-kind services.
3 Purposes for which such major competitive grants would be offered
4 shall include:

5 (a) Professional staff development programs to provide
6 funds for teacher and administrator training and continuing
7 education to upgrade teaching and administrative skills,

8 (b) The development of strategic school improvement plans
9 by school districts,

10 (c) Educational technology assistance to public schools
11 for the purchase and operation of computers, telecommunications
12 equipment and services, and other forms of technological innovation
13 which may enhance classroom teaching, instructional management, and
14 districtwide administration. Telecommunications equipment,
15 services, and forms of technical innovation shall be approved only
16 after review by the technical panel created in section 86-521,

17 (d) An educational accountability program to develop an
18 educational indicators system to measure the performance and
19 outcomes of public schools and to ensure efficiency in operations,

20 (e) Alternative programs for students, including
21 underrepresented groups, at-risk students, and dropouts,

22 (f) Programs that demonstrate improvement of student
23 performance against valid national and international achievement
24 standards,

25 (g) Early childhood and parent education which emphasizes
26 child development,

27 (h) Programs using decisionmaking models that increase
28 involvement of parents, teachers, and students in school

1 ~~management,~~

2 ~~(i) Increased involvement of the community in order to~~
3 ~~achieve increased confidence in and satisfaction with its schools,~~

4 ~~(j) Development of magnet or model programs designed to~~
5 ~~facilitate desegregation,~~

6 ~~(k) Programs that address family and social issues~~
7 ~~impairing the learning productivity of students,~~

8 ~~(l) Programs enhancing critical and higher-order thinking~~
9 ~~capabilities,~~

10 ~~(m) Programs which produce the quality of education~~
11 ~~necessary to guarantee a competitive work force,~~

12 ~~(n) Programs designed to increase productivity of staff~~
13 ~~and students through innovative use of time,~~

14 ~~(o) Training programs designed to benefit teachers at all~~
15 ~~levels of education by increasing their ability to work with~~
16 ~~educational technology in the classroom,~~

17 ~~(p) Approved accelerated or differentiated curriculum~~
18 ~~programs under sections 79-1106 to 79-1108.03, and~~

19 ~~(q) Programs for children from birth to age twenty-one~~
20 ~~years with disabilities receiving special education under the~~
21 ~~Special Education Act and children from birth to age twenty-one~~
22 ~~years needing support services as defined in section 79-1125.01,~~
23 ~~which programs demonstrate improved outcomes for children from~~
24 ~~birth to age twenty-one years through emphasis on prevention and~~
25 ~~collaborative planning.~~

26 Research initiative grants shall be available to conduct
27 research on issues relevant to public elementary and secondary
28 education with preference given to research initiatives that focus

1 on raising the achievement level of students who live in poverty
2 and students with limited English proficiency. The research
3 initiatives may be submitted by collaborative groups which shall
4 include at least one school district and at least one expert in
5 educational research.

6 The Governor shall establish the Excellence in Education
7 Council. The Governor shall appoint eleven members to the council
8 including representatives of educational organizations,
9 postsecondary educational institutions, the business community, and
10 the general public, members of school boards and parent education
11 associations, school administrators, and at least four teachers who
12 are engaged in classroom teaching. The State Department of
13 ~~Education~~ Lottery Division of the Department of Revenue shall
14 provide staff support for the council to administer the Education
15 Innovation Fund. ~~7 including the Quality Education Accountability~~
16 ~~Act.~~ The council shall have the following powers and duties:

17 (i) ~~In consultation with the department, develop~~ Develop
18 and publish criteria for the awarding of incentive grants allocated
19 by the Governor for programs pursuant to this subsection, including
20 minigrants research initiative grants;

21 (ii) Provide recommendations to the Governor regarding
22 the selection of ~~projects~~ research initiatives to be funded and the
23 distribution and duration of project funding;

24 (iii) Establish standards, formats, procedures, and
25 timelines for the successful implementation of approved ~~programs~~
26 funded by incentive grants allocated by the Governor from the
27 Education Innovation Fund research initiatives funded by grants
28 pursuant to this section;

1 (iv) Assist school districts in determining the
2 effectiveness of the innovations in programs and practices and
3 measure the subsequent degree of improvement in the quality of
4 education;

5 (v) Consider the reasonable distribution of funds across
6 the state and all classes of school districts; and

7 (vi) Carry out its duties pursuant to the Quality
8 Education Accountability Act; and

9 (vii) (v) Provide annual reports to the Governor
10 concerning ~~programs~~ research initiatives funded by the fund. Each
11 report shall include the number of applicants and approved
12 applicants, an overview of the various programs, objectives, and
13 anticipated outcomes, and detailed reports of the cost of each
14 program research initiative.

15 To assist the council in carrying out its duties, the
16 State Board of Education shall, in consultation with the council,
17 adopt and promulgate rules and regulations establishing criteria,
18 standards, and procedures regarding the selection and
19 administration of programs funded from the Education Innovation
20 Fund, including the Quality Education Accountability Act.

21 (3) Recipients of ~~incentive~~ research initiative grants
22 allocated by the Governor from the Education Innovation Fund shall
23 be required to provide, upon request, such data relating to the
24 funded programs and initiatives as the Governor deems necessary.

25 (4) Any money in the State Lottery Operation Trust Fund,
26 the State Lottery Operation Cash Fund, the State Lottery Prize
27 Trust Fund, or the Education Innovation Fund available for
28 investment shall be invested by the state investment officer

1 pursuant to the Nebraska Capital Expansion Act and the Nebraska
2 State Funds Investment Act.

3 (5) Unclaimed prize money on a winning lottery ticket
4 shall be retained for a period of time prescribed by rules and
5 regulations. If no claim is made within such period, the prize
6 money shall be used at the discretion of the Tax Commissioner for
7 any of the purposes prescribed in this section.

8 Sec. 2. Section 79-1018.01, Reissue Revised Statutes of
9 Nebraska, is amended to read:

10 79-1018.01. Local system formula resources include other
11 actual receipts available for the funding of general fund operating
12 expenditures as determined by the department for the second school
13 fiscal year immediately preceding the school fiscal year in which
14 aid is to be paid, except that receipts from the Community
15 Improvements Cash Fund, receipts acquired pursuant to the Low-Level
16 Radioactive Waste Disposal Act, and, beginning with the calculation
17 of state aid to be distributed in school fiscal year 2004-05,
18 tuition receipts from converted contracts shall not be included.
19 Other actual receipts include:

20 (1) Public power district sales tax revenue;

21 (2) Fines and license fees;

22 (3) Tuition receipts from individuals, other districts,
23 or any other source except those derived from adult education and
24 except, beginning with the calculation of state aid to be
25 distributed in school fiscal year 2004-05, tuition receipts from
26 converted contracts;

27 (4) Transportation receipts;

28 (5) Interest on investments;

1 (6) Other miscellaneous noncategorical local receipts,
2 not including receipts from private foundations, individuals,
3 associations, or charitable organizations;

4 (7) Special education receipts; ~~7 excluding grant funds~~
5 ~~received pursuant to section 9-812;~~

6 (8) Special education receipts and non-special education
7 receipts from the state for wards of the court and wards of the
8 state;

9 (9) All receipts from the temporary school fund.
10 Beginning with the calculation of aid for school fiscal year
11 2002-03 and each school fiscal year thereafter, receipts from the
12 temporary school fund shall only include receipts pursuant to
13 section 79-1035 and the receipt of funds pursuant to section
14 79-1036 for property leased for a public purpose as set forth in
15 subdivision (1)(a) of section 77-202;

16 (10) Motor vehicle tax receipts received on or after
17 January 1, 1998;

18 (11) Pro rata motor vehicle license fee receipts;

19 (12) Other miscellaneous state receipts excluding revenue
20 from the textbook loan program authorized by section 79-734;

21 (13) Impact aid entitlements for the school fiscal year
22 which have actually been received by the district to the extent
23 allowed by federal law;

24 (14) All other noncategorical federal receipts;

25 (15) All receipts pursuant to the enrollment option
26 program under sections 79-232 to 79-246;

27 (16) Receipts under the federal Medicare Catastrophic
28 Coverage Act of 1988, as such act existed on May 8, 2001, as

1 authorized pursuant to sections 43-2510 and 43-2511 but only to the
2 extent of the amount the local system would have otherwise received
3 pursuant to the Special Education Act; and

4 (17) Receipts for accelerated or differentiated
5 curriculum programs pursuant to sections 79-1106 to 79-1108.03.

6 Sec. 3. Section 79-1108, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 79-1108. For school year 1997-98 and each school year
9 thereafter, each school district shall identify learners with high
10 ability and may provide accelerated or differentiated curriculum
11 programs that will address the educational needs of the identified
12 students at levels appropriate for the abilities of those students.
13 The accelerated or differentiated curriculum programs shall meet
14 the standards of quality established by the department.
15 Educational service units may identify learners with high ability
16 and provide accelerated or differentiated curriculum programs for
17 school districts. ~~Any school district or educational service unit~~
18 ~~shall be eligible to apply for funds from the Education Innovation~~
19 ~~Fund to be used for development and improvement of the approved~~
20 ~~accelerated or differentiated curriculum programs of the district~~
21 ~~or educational service unit.~~

22 Sec. 4. Original sections 79-1018.01 and 79-1108,
23 Reissue Revised Statutes of Nebraska, and section 9-812, Revised
24 Statutes Supplement, 2003, are repealed.